

Representative Roy Hollandsworth - House District 28

By Request of the Revenue and Transportation Interim Committee

SHORT DESCRIPTION

HB 19 modifies Montana's existing statutory language on how penalties and interest is calculated. The general intent of the bill is to adopt penalty and interest provisions that more appropriately fit the non-filing or underreporting noncompliance. Most of the provisions of the penalty and interest in the bill are modeled after the IRS provision but have been tailored to Montana. The bill also clarifies how federal income tax refunds are treated.

Key Points:

What:

- Models Montana's tax penalties and interest laws on the IRS penalties and interest provisions.
- Updates the amount of interest that can be waived and establishes an additional amount of interest that can be waived in certain payment plan situations.
- Adopts by statute the department's treatment of how federal income tax refunds are taxed.
- This section creates new language that allows a taxpayer to make approximately equal quarterly installments before penalty is assessed.

Benefits:

- Penalties are tailored to fit the offense - does away with the one size fits all penalty provisions.
- By modeling Montana's penalty provisions after the IRS's penalty provisions it makes Montana's penalty provisions easier to understand and explain.
- Codifies the department's administrative rule on taxation of federal income tax refunds.